

## Graeme Charles on Co-operation in The Devondaler



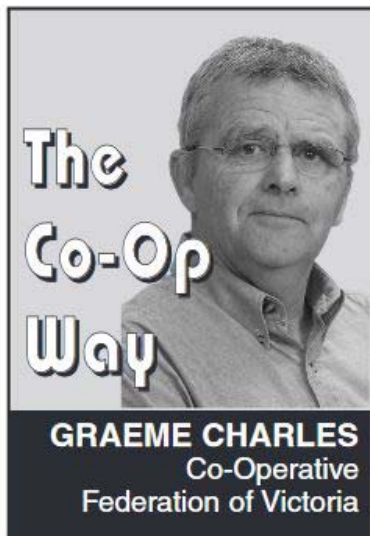
Graeme Charles was the Executive Officer and Secretary of the Co-operative Federation of Victoria Ltd between 1999 and 2002 and Deputy Chairman between 2002 and 2008 – the peak body for co-operatives in the Australian State of Victoria.

Between 2006 and 2008 Graeme Charles was a guest columnist for The Devondaler – the monthly newspaper of Murray Goulburn Co-operative Co. Limited. The Devondaler was established in 1986.

The Co-operative is one of Australia's largest with 2200 dairy farmer members and more than 2000 employees.

Twenty of these columns have been reproduced.

## Co-operative Demutualisation: the International Co-operative Alliance Responds



I'm sure that most MG members are aware the Fonterra Co-operative Group is one of the top ten dairy businesses in the world and the largest exporter of dairy products globally. It is actually New Zealand's largest company.

If, as has been freely touted, Fonterra decides to demutualise, either partially or fully, this would not only remove Fonterra from the ICA's Global 300 – the top co-operatives and mutuals throughout the world by turnover, but also impact on New Zealand's ranking in terms of the percentage of GDP from co-operative generated revenue. Countries with the largest percentage of their GDP from Global 300 revenue are Finland, New Zealand, Switzerland, Netherlands and Norway.

The New Zealand First political party has warned that farmers will lose out if Fonterra is publicly listed. "Expert opinion is absolutely right that a full public float could cost farmers control of their livelihood" said the party's primary production spokesperson, Doug Woolerton. "The New Zealand experience has often been one of listing and losing. Profits go offshore, and the people these companies were set up to serve end up losing out. (He could have just as easily been talking about Australia.) Fonterra's review of its capital structure needs to take account of the principles of the co-operatives upon which it is based and with a long term view of how the industry may best control its own destiny."

In an article on the possible Fonterra listing in the New Zealand Herald, January 15, 2007, financial reporter Stephen Ward asks farmers to consider “Whether any listing, no matter how partial, would be privatisation by stealth.”

Professor Alan Robb who lectures for Saint Mary’s University, Halifax, Canada, is a well known critic of Fonterra’s proposed capital restructure. “Any capital restructuring which introduces investor shares will be to the detriment of Fonterra’s existing shareholders” according to Robb, “and the benefits of being a co-operative were not often appreciated until they were lost.” In his view, one of the main weaknesses was having managers and directors who were not committed to co-operative principles and values.

Interestingly, this sort of analysis of the pros and cons of demutualisation is not seen in the Australian media who treat impending demutualisations as somewhat inevitable or worse still, positive.

Half of the Global 300, the world’s largest co-operatives, were established prior to 1940. The Co-operative Federation of Victoria considers that current members of co-operatives should be maintaining the world-wide success of co-operative businesses for future generations. Failure to do so is a betrayal of both future and past generations.

The International Co-operative Alliance will shortly be establishing a high level global group of experts to monitor demutualisation threats to members and give advice where appropriate.

6 August 2007



## List of Graeme Charles articles published between 2006 - 2008

Title	Date on Article or File – not when published	Identification Number
Why do you belong to Murray Goulburn Co-operative Company	1 September 2006	1
The importance of co-operatives in agriculture across the world.	2 October 2006	2
What Gives Co-operatives A Bad Name	21 November 2006	3
Murray Goulburn one of only two Australian co-operatives in the ICA Global 300	No date	4
UK Co-operative College and Co-operative Federation of Victoria helping Murray Goulburn members co-operative identity	!! December 2006	6
Review of The Democracy Principle: Farmer Co-operatives in Twentieth Century Australia by David Griffiths	12 February 2007	7
Particular Challenges for Co-operatives – Funding Expansion	12 February 2007	8
Particular Challenges for Co-operatives Part 2 Effective Democracy, or to put it another way, Members In Control	12 February 2007	9
Why are we ignoring co-operative solutions?	10 March 2007	10
A Co-operative AWB	29 March 2007	11
Could health co-operatives help solve the shortage of doctors in rural areas?	1 May 2007	12
Co-operative Demutualisation: the International Co-operative Alliance Response	6 August 2007	13
US Credit Unions buck Global Demutualisation Trend	7 August 2007	14
Co-operatives creating value for farmers and rural communities	4 November 2007	No number
Dairy Co-operatives in India	12 November 2007	16
Cooperatives get together in New Zealand to discuss the Co-operative Advantage of Dairy Business	21 November 2007	17
Retaining Co-operative Characteristics	25 January 2008	18

and Globalisation		
Agricultural Co-operatives are Financially Competitive	7 February 2008	19
Does Co-operation Improve Profitability for Farmers	3 June 2008	21
Small is sometimes beautiful	30 September 2008	Number unknown